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**IN THE UNITED STATES BANKRUPTCY COURT**  
**FOR THE DISTRICT OF ARIZONA**

In re:

Arizona Equipment Rental I, LLC,  
  
Debtor.

Case No. 4:09-bk-27946-EWH

Chapter 11

**FIRST AMENDED DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF  
REORGANIZATION  
FILED BY ARIZONA EQUIPMENT RENTAL I, LLC  
DATED JANUARY 14, 2010**

## TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION .....	1
II. OVERVIEW OF CHAPTER 11 .....	1
A. Information Regarding the Plan and Disclosure Statement. ....	1
B. Representations. ....	2
III. BACKGROUND & EVENTS LEADING TO FILING .....	2
IV. POST-PETITION PROCEEDINGS AND EVENTS .....	4
A. Summary of Key Events Related to the Bankruptcy Case. ....	4
1. Filing of Bankruptcy Petition.....	4
2. Retention of Professionals.....	4
3. Cash Collateral .....	4
4. Inventory Motion .....	5
V. DESCRIPTION OF ASSETS AND THEIR VALUE .....	6
A. Inventory and Personal Property of AER.....	6
B. Cash and Receivables.....	6
VI. FINANCIAL CONDITION AND ANALYSIS .....	6
A. Present Operations. ....	6
VII. SOURCES OF INFORMATION .....	7
VIII. SUMMARY OF THE PLAN .....	7
A. Classification and Treatment of Claims and Interests.....	8
1. Class 1 (Administrative Expense Claims).....	8
2. Class 2 (Priority Tax Claims).....	8
3. Class 3 (Secured Tax Claims).....	8
4. Class 4 (Secured Claims) .....	8
5. Class 5 (Unsecured Claims) .....	8
6. Class 6 (Related Parties Unsecured Claims).....	8
7. Class 7 (Membership Interest in AER) .....	8
B. Summary of Treatment of Unimpaired Classes .....	8
1. Class 1 (Administrative Claims).....	8
2. Class 7 (Membership Interest in AER) .....	8
C. Summary of Treatment of Impaired Classes.....	8
1. Class 2 (Priority Tax Claims).....	8

1	2.	Class 3 (Secured Tax Claims).....	9
	3.	Class 4 (Secured Claims) .....	9
2	4.	Class 5 (Unsecured Claims).....	11
	a.	Class 5(a) (Volvo Deficiency Claims)..	11
3	b.	Class 5(b) (Convenience Class) .....	12
4	c.	Class 5(c) (Other Deficiency Claims) .....	12
	d.	Class 5(d) (Lease Rejection Claims).....	13
5	e.	Class 5(e) (General Unsecured Claims) .....	13
	5.	Class 6 (Related Parties Unsecured) .....	13
6		IX. OVERVIEW OF ADDITIONAL PLAN PROVISIONS .....	14
7	A.	Implementation of the Plan & Conditions to Effectiveness.....	14
8	1.	Conditions Precedent to Occurrence of Effective Date .....	14
	2.	Implementation .....	14
9	B.	Resolution of Claims, Demands, and Causes of Action. ....	14
10	1.	Preservation of Debtor' Claims, Demands, and Causes of Action .....	14
	2.	Procedure for Determination of Claims. ....	15
11	3.	Administrative Claims Bar Date .....	15
12	C.	Treatment of Executory Contracts. ....	15
	1.	Rejection of Executory Contracts .....	15
13	2.	Assumption of Other Executory Contracts .....	15
	3.	Rejection Claims Bar Date.....	15
14	D.	Miscellaneous Plan Provisions.....	16
15	1.	Retention of Jurisdiction .....	16
	2.	Exculpation and Limitation of Liability.....	16
16	3.	General Injunction.....	16
	4.	Vesting .....	16
17	5.	Payment of Statutory Fees and Filing of Quarterly Reports .....	16
18		X. Federal Tax Consequences.....	17
19	A.	No Federal Tax Consequences.....	17
20		XI. VOTING PROCEDURES AND REQUIREMENTS.....	17
21	A.	Parties Entitled to Vote. ....	17
22	B.	Procedures for Voting. ....	17
	1.	Submission of Ballots .....	17
23	2.	Procedures for Vote Tabulation .....	18
	3.	Withdrawal of Ballots .....	18
24	4.	Questions and Lost or Damaged Ballots.....	18
25	C.	Summary of Voting Requirements.....	18
26			

XII. LIQUIDATION ANALYSIS .....	19
XIII. CONFIRMATION OF THE PLAN .....	19
A. Confirmation Hearing. ....	19
B. Objections to Confirmation. ....	19
C. Requirements for Confirmation of the Plan. ....	20
1. Confirmation Under Section 1129(a) of the Bankruptcy Code .....	20
2. Debtor Believes the Plan Satisfies Bankruptcy Code Requirements. ....	20
XIV. ALTERNATIVES TO THE PLAN .....	22
RECOMMENDATION AND CONCLUSION .....	23

1  
2  
3  
4  
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6  
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**I.**  
**INTRODUCTION**

Pursuant to 11 U.S.C. § 1125, Arizona Equipment Rental I, LLC (“AER” or the “Debtor”), the debtor in the above-referenced bankruptcy case, hereby submits its *First Amended Disclosure Statement in Support of Plan of Reorganization Filed by Arizona Equipment Rental I, LLC*, dated January 14, 2010 (the “Disclosure Statement”). The purpose of this Disclosure Statement is to provide adequate information to the holders of claims or interests in this matter so that they may make an informed judgment in exercising their right to vote for acceptance or rejection of the *First Amended Plan of Reorganization Filed by Arizona Equipment Rental I, LLC dated January 14, 2010* (the “Plan”), a copy of which is attached as Exhibit “A”. **THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN IN ORDER TO MAXIMIZE THE RECOVERY OF YOUR CLAIM.**

Capitalized terms used in this Disclosure Statement will correspond to terms defined in the Plan and the Bankruptcy Code. Terms used in this Disclosure Statement that are also defined in the Plan are defined solely for convenience; and the Debtor does not intend to change the definitions of those terms from the Plan. If there is any inconsistency between the Plan and this Disclosure Statement, the Plan is, and will be, controlling.

**II.**  
**OVERVIEW OF CHAPTER 11**

**A. Information Regarding the Plan and Disclosure Statement.**

The objective of a Chapter 11 case is the confirmation (*i.e.*, approval by the Bankruptcy Court) of a plan of reorganization or liquidation. A Chapter 11 plan describes in detail (and in language appropriate for a legal contract) the means for satisfying the claims against and equity interests in a debtor. After a plan has been filed, the holders of claims and equity interests are permitted to vote to accept or reject the plan. Before a debtor can solicit acceptances of its plan, however, Section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable those parties entitled to vote on the plan to make an informed judgment about the plan and about whether they should accept or reject the plan.

The purpose of this Disclosure Statement is to provide sufficient information about the Debtor and the Plan to enable you to make an informed decision in exercising your right to accept or reject the Plan. Therefore, this Disclosure Statement provides relevant information about the Debtor, its property and financial condition, and the Plan.

This Disclosure Statement will be used to solicit acceptances of the Plan only after the Bankruptcy Court has entered an order approving this Disclosure Statement. Approval by the Bankruptcy Court of this Disclosure Statement means only that the Bankruptcy Court has found that this Disclosure Statement contains sufficient information for the Debtor to transmit the Plan and Disclosure Statement to Creditors and to solicit acceptances of the Plan.

1 After the Bankruptcy Court has granted approval of this Disclosure Statement and there  
2 has been voting on the Plan, the Bankruptcy Court will conduct a Confirmation Hearing  
3 concerning whether the Plan should be approved. At the Confirmation Hearing, the Bankruptcy  
4 Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code.  
5 The Bankruptcy Court also will receive and consider a ballot report prepared by the Debtor that  
6 will present a tally of the votes accepting or rejecting the Plan cast by those entitled to vote.  
7 Accordingly, all votes are important because they can determine whether the Plan will be  
8 confirmed. Once confirmed, the Plan is essentially a new contract between the Debtor and its  
9 Creditors and is binding on all Creditors and other parties-in-interest in the Debtor's Bankruptcy  
10 Case regardless of whether any particular Creditor voted to accept the Plan.

11 **THIS DISCLOSURE STATEMENT IS NOT THE PLAN.  
12 FOR THE CONVENIENCE OF CREDITORS AND  
13 HOLDERS OF EQUITY INTERESTS, THE PLAN IS  
14 SUMMARIZED IN THIS DISCLOSURE STATEMENT.  
15 ALL SUMMARIES ARE QUALIFIED IN THEIR  
16 ENTIRETY BY THE PLAN ITSELF. IN THE EVENT OF  
17 ANY INCONSISTENCY BETWEEN THIS DISCLOSURE  
18 STATEMENT AND THE PLAN, THE PLAN WILL  
19 CONTROL.**

20 **B. Representations.**

21 This Disclosure Statement has not been subjected to a certified audit; however, it has been  
22 prepared in part from information compiled by the Debtor from records maintained by it in the  
ordinary course of its business or from information received by the Debtor from third parties.  
Every effort has been made to be as accurate as possible in the preparation of this Disclosure  
Statement. Nevertheless, the inclusion of financial information in this Disclosure Statement and  
exhibits is subject to adjustment, and the Debtor reserves all rights to object to or challenge any  
Claims that are filed or asserted in the Case.

This is a solicitation by the Debtor only and is not a solicitation by its attorneys, agents,  
financial advisors, or accountants. No statement or information concerning the Debtor or its assets  
or securities are authorized, other than those set forth in the Disclosure Statement.

III.  
**BACKGROUND & EVENTS LEADING TO FILING**

Arizona Equipment Rental I, LLC ("AER") is an Arizona limited liability company  
operating in Tucson, Thatcher, Miami, and Eloy, Arizona. AER was founded by Lance Evic and  
Jeffrey Bleecker in 2004 as a Volvo Rents franchise construction equipment rental company  
serving Arizona. AER is headquartered in Tucson, Arizona, and currently employs approximately  
30 employees. Lance Evic possesses an extensive career background in the rental industry, with  
over 25 years work experience. Prior to getting involved with AER, Jeffrey Bleecker owned a  
local manufacturing business for 17 years.

1 AER experienced very rapid growth during the first 3 years of operation. Starting with a  
2 fleet of approximately \$3.5MM in April of 2004, AER grew to a fleet of over \$30MM as of July  
3 31, 2008. AER exceeded projected performance, as measured by its initial business plan, and  
became profitable by month 6 of operation. By the end of the second year of operations, AER had  
opened a second store and posted profits of well over \$1MM.

4 AER's successful business philosophy consists of several basic principles: (i) create a  
5 business culture and environment to attract and retain the best performing professionals in the  
6 market; and (ii) create a business atmosphere of excellence whereby company culture is based on  
7 a desire to achieve a higher standard of service, provide better, newer equipment and have a more  
extensive fleet than the competition. AER seeks to attract and retain business relationships with  
A-level contractors in the community by surpassing competitors' offerings and exceeding the  
expectations of customers. AER strives to set itself apart from all competitors in the marketplace  
in critical areas including reliable equipment and selection, as well as friendly, responsive service.

8 In the fall of 2008, AER experienced a severe reduction in revenues due to the rapid and  
9 dramatic slow down of construction and mining activity in the State of Arizona. This decreased  
10 demand has resulted in severely reduced time utilization of equipment, as well as a sharp cut in  
11 rental rates. Overall revenues since the Fall of 2008 have fallen by more than sixty percent (60%).  
AER is seeking to effectuate a financial restructuring with its lenders in order to return to  
profitability. For the year ending 2008, Debtor had total revenue less equipment sales of  
\$14,339,928 and generated a net profit of \$1,625,956 based on the unaudited financial statements  
of the company.

12 Volvo Financial Services ("Volvo") is the Debtor's largest secured creditor. As of October  
1, 2009, Volvo claimed that the Debtor owed approximately \$9,817,037.25. The Volvo Loan  
13 includes a master loan and security agreement, with separate notes for each piece of equipment  
that is financed.

14 JLG Finance ("JLG") is also a secured creditor of Debtor, and has acquired various loans  
15 from other secured lenders of Debtor. Pursuant to these various loan and security agreements,  
JLG claims a secured interest in some of the equipment, receivables, cash, and other assets of the  
Debtor's business. As of October 1, 2009, JLG claimed that the Debtor owed approximately  
16 \$1,483,929.04 pursuant to the Wells Fargo loan agreement; approximately \$1,065,370.63 pursuant  
to the US Bancorp loan agreement; and approximately \$479,400 pursuant to the GE  
17 Capital/Ingersoll Rand loan agreement.

18 GE Commercial Distribution Finance ("GE CDF"), John Deere Credit ("JDC"), CNH  
Capital ("CNH"), Huntington Equipment Finance ("Huntington") and Komatsu Financial Limited  
19 Partnership ("Komatsu") are also secured creditors of Debtor, and each claim a secured interest in  
some of the equipment, receivables, cash, and/or other assets of the Debtor's business. As of the  
Petition Date, GE CDF claims that the Debtor owed approximately \$1,575,125.26; JDC claims  
20 that over \$330,000 was owed; and Komatsu claims that approximately \$147,539.14 was owed.  
The CNH loan agreement was purportedly transferred to PNCEF, LLC ("PNC"), and PNC claims  
21 that the Debtor owes approximately \$125,728.80.

1 In addition, Debtor entered into lease agreements with People's Capital, National City  
2 Commercial Capital, and Siemens Financial Services, Inc. Debtor will either assume or reject  
those leases by January 4, 2010.

3 Over the course of the 2009 year, AER attempted to negotiate with its secured lenders to  
4 obtain modified loan terms that would allow AER to continue to maintain profitable business  
5 operations. Unable to reach agreements with many of its secured lenders and lessors, AER filed  
the instant bankruptcy case on October 30, 2009 to assist the Debtor with restructuring certain  
liabilities and maximizing its assets, so that the Debtor's business and cash flow can normalize  
and continue to be profitable. Debtor has continued to provide equipment rentals and services to  
its existing and future customers during the pendency of these proceedings.

#### 6 IV. 7 POST-PETITION PROCEEDINGS AND EVENTS

##### 8 A. Summary of Key Events Related to the Bankruptcy Case.

9 While more detailed information related to the events in the Bankruptcy Case can be  
10 obtained by assessing the Bankruptcy Court's CM/ECF filing system and reviewing the pleadings  
filed in Case No. 4:09-bk-27946-EWH, the following is a summary of certain key bankruptcy-  
related proceedings and events associated with this Bankruptcy Case:

11 1. Filing of Bankruptcy Petition. On October 30, 2009 (the "Petition Date"), AER  
12 filed a voluntary Chapter 11 bankruptcy petition with the United States Bankruptcy Court for the  
District of Arizona. This bankruptcy case is currently being administered under Bankruptcy Case  
No. 4:09-bk-27946-EWH.

13 2. Retention of Professionals. On October 30, 2009, the Debtor filed the *Application*  
14 *for an Order Under 11 U.S.C. § 327(A) Authorizing the Employment of Gallagher & Kennedy,*  
*P.A. as General Counsel to the Debtor* (Docket no. 2) seeking authorization for Gallagher &  
15 Kennedy, P.A. ("G&K") to perform legal services for the Debtor which may be necessary and  
proper in these proceedings, including provide legal advice with respect to the powers and duties  
16 of a debtor-in-possession; to prepare necessary legal papers; to appear in court and to assist with  
any disposition of assets by sale or otherwise. On or about November 5, 2009, Debtor was  
17 authorized to retain G&K as its general counsel in connection with the bankruptcy case (Docket  
no. 31).

18 Also on October 30, 2009, the Debtor filed the *Application for an Order Under 11 U.S.C.*  
19 *§ 327(A) Authorizing the Employment of Peritus Commercial Finance, LLC as Financial Advisor*  
*to the Debtor* (Docket no. 4) seeking authorization for Peritus Commercial Finance, LLC  
20 ("Peritus") to provide financial advice to the Debtor relating to this case. On or about November  
5, 2009, Debtor was authorized to retain Peritus as its financial advisor in connection with the  
bankruptcy case (Docket no. 32).

21 3. Cash Collateral. On October 30, 2009, the Debtor filed the *Emergency Motion for*  
22 *Interim Order to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363* (the "Cash Collateral  
Motion"; Docket no. 8). Through the Cash Collateral Motion, the Debtor sought an interim order

1 authorizing it to pay necessary and essential post-petition operating expenses with certain cash and  
2 cash equivalents in which various entities claimed or may claim an interest. The Bankruptcy  
3 Court held a preliminary hearing on the Cash Collateral Motion on November 4, 2009 and entered  
an interim order authorizing the Debtor's use of cash collateral (Docket no. 33). The Court also  
set a final hearing on the matter for November 25, 2009.

4 The following objections were filed in response to Debtor's Cash Collateral Motion:  
5 *Notice of Nonconsent to Use of Cash Collateral* filed by Volvo Commercial Finance (Docket no.  
6 12); *Objection to Emergency Motion for Use of Cash Collateral and Motion for Adequate*  
7 *Protection* filed by Volvo Commercial Finance (Docket no. 18); *Response of GE Commercial*  
8 *Distribution Finance Corporation* (Docket no. 26); and *Objection to Proposed Interim Cash*  
9 *Collateral Order* filed by People's Capital and Leasing Corp. (Docket no. 27). The Court entered  
its final Order on the Cash Collateral Motion after arguments at the hearing on November 25,  
2009 (Docket no. 78).

10 **4. Inventory Motion.** On November 10, 2009, the Debtor filed a *Motion for Entry of*  
11 *an Order Confirming Authority of the Debtor to Sell Inventory in the Ordinary Course of Business*  
12 (the "Inventory Motion"; Docket no. 40). Through the Inventory Motion, Debtor sought  
13 confirmation to continue to sell certain inventory items in the ordinary course of its business  
14 operations.

15 The following objections were filed in response to Debtor's Inventory Motion: *Limited*  
16 *Objection of GE Fleet Services to Debtor's Motion* (Docket no. 47); *People's Capital and Leasing*  
17 *Corp.'s Limited Objection to Debtor's Motion* (Docket no. 51); *Objection to Motion for Entry of*  
18 *Order Confirming Authority of Debtor to Sell Inventory in the Ordinary Course of Business* filed  
19 by John Deere Construction and Forestry Company (Docket no. 58); *Limited Objection to Motion*  
20 *for an Order Confirming Authority of Debtor to Sell Inventory in the Ordinary Course of Business*  
21 filed by Komatsu Financial Limited Partnership (Docket no. 59); *Limited Objection to Motion to*  
22 *Sell Inventory in the Ordinary Course* filed by Siemens Financial Services (Docket no. 62);  
*Omnibus Limited Objection to (I) Entry of Final Order Authorizing Debtor to Use Funds Claimed*  
*as Cash Collateral and (II) Debtors Motion for Entry of an Order Confirming Authority of the*  
*Debtor to Sell Inventory in the Ordinary Course of Business* filed by JLG Industries, Inc. (Docket  
no. 65); *Limited Objection of GE Commercial Distribution to Debtor's Motion* (Docket no. 66);  
and *Objection to Motion to Approve Sales in the Ordinary Course* filed by VFS US, LLC (Docket  
no. 72).

Debtor filed an *Omnibus Response to Objections to Debtor's Motion for an Order*  
*Confirming Authority of the Debtor to Sell Inventory in the Ordinary Course of Business* on  
November 24, 2009 (Docket no. 77). After arguments at the hearing on November 25, 2009, the  
Court entered its Order granting the Inventory Motion (Docket no. 79).

**5. Lease Rejection Motion.** On January 8, 2010, the Debtor filed a *Motion for Order*  
*Under 11 U.S.C. Section 365(a) Authorizing the Debtor to Reject Certain Unexpired Personal*  
*Property Leases* (the "Lease Rejection Motion"; Docket no. 112). Through the Lease Rejection  
Motion, Debtor sought authorization to reject certain personal property leases between the Debtor  
and Huntington, Siemens, and PNC respectively.

6. **Disclosure Statement Proceedings.** On December 4, 2009, the Debtor filed its *Disclosure Statement in Support of Plan of Reorganization Filed by Arizona Equipment Rental I, LLC, dated December 4, 2009* (the “Original Disclosure Statement”; Docket no. 88). Objections to the Original Disclosure Statement were filed by GE Commercial Distribution Finance Corporation (“GECDF”) on January 7, 2010 (Docket No. 110) and by Volvo Financial Services (“VFS”) on January 6, 2010 (Docket No. 108).

On January 12, 2010, the Court held a hearing on the Original Disclosure Statement and required the Debtor to amend the certain sections to resolve the outstanding objections and include the information requested by interested parties. Thereafter, on January 13, 2010, the Court issued its Minute Entry Order requiring six specific revisions to the Original Disclosure Statement (Docket No. 119). This First Amended Disclosure Statement addresses, among other things, the six items requested by the Court as well as those raised by various interested parties.

## V. DESCRIPTION OF ASSETS AND THEIR VALUE

**A. Inventory and Personal Property of AER.**

As set forth in Debtor's Amended Schedule B (Docket no. 68), Debtor maintains an extensive inventory of owned and leased equipment. The value of the inventory and office equipment in Debtor's possession, as of October 30, 2009, was approximately \$10,742,971.89. An updated inventory list, dated November 30, 2009, is attached as Exhibit "B".

### B. Cash and Receivables.

In addition to the property listed above, Debtor's accounts receivable were approximately \$1,319,638.57 as of the Petition Date. Finally, as of the Petition Date, the Debtor had unencumbered cash on hand in excess of \$550,000. Balance sheets and profit and loss statements reflecting updated cash and receivables amounts from AER for the month of November 2009 are attached to this Disclosure Statement as Exhibit "C".

## VI. FINANCIAL CONDITION AND ANALYSIS

### A. Present Operations.

The Debtor's business is currently income producing. However, the recent economic downturn, especially with regard to the construction and mining industries, has negatively impacted the Debtor's cash flow and ability to service debt. Debtor is current on all ordinary course post-petition obligations. Recently, the Debtor terminated certain leases and returned equipment, thereby reducing its expenses and fleet size.

In addition, Debtor recently reached an agreement with Volvo Financial Services, its largest secured lender, to restructure its debt obligation. Pursuant to the Term Sheet dated November 23, 2009, a copy of which is attached to this Disclosure Statement as Exhibit “D”, the parties have agreed to an Approved Secured Claim for Volvo in the approximate amount of \$6.2

1 million, and an unsecured claim in the amount of approximately \$3.8 million. In addition, Volvo  
2 has agreed to provide Exit Financing in the amount of \$3 million to allow Debtor to accomplish  
restructuring and/or payoffs of its other secured debts.

3 **B. Future Operations.**

4 With the reduction in expenses and fleet size that the Debtor has already accomplished  
5 during the pendency of this Bankruptcy Case, combined with the debt restructuring set forth in the  
Plan, the Reorganized Debtor will operate under the current management and will continue to  
provide equipment rentals and services to its existing and future customers.

6 **VII.**  
**SOURCES OF INFORMATION**

7 The financial information contained in this Disclosure Statement is derived from a number  
8 of sources. Values ascribed to AER's Assets were provided by the Debtor. Information on  
Claims of Creditors was obtained from the financial records of the Debtor and the statements and  
schedules on file in the Bankruptcy Case.

9 The information contained in this Disclosure Statement represents the Debtor's best  
10 estimate in light of current market conditions and past experience. All the information provided is  
subject to change and represents the best information available at the time, the actual results may  
11 differ.

12 Specifically, the asset valuations for Equipment were compiled by the Debtor from a  
combination of recent sale results from equipment auctions, equipment broker listings, broker  
input, and advertisements for equipment of like kind and age listed in Machinery Trader and  
13 similar publications.

14 The accounting and financial information provided by the Debtor is based on Generally  
Accepted Accounting Principles ("GAAP") and the calculations were prepared by the Debtor's  
15 controller, Mr. Derek Miller.

16 **VIII.**  
**SUMMARY OF THE PLAN**

17 The following provides a summary of the overall structure and classification of claims  
18 against or interests of or in the Debtor and is qualified in its entirety by reference to the Plan,  
which is attached as Exhibit "A". The statements in this Disclosure Statement include summaries  
of the provisions contained in the Plan. This summary does not purport to be a complete  
19 statement of all terms in the Plan, and reference is made to the Plan for the full and complete  
statement of such terms. The Plan controls the treatment of Claims against and Equity Interests of  
20 and in the Debtor and other parties-in-interest. Where Claims are divided into subclasses in the  
Plan, each subclass will be considered to be a separate class for all confirmation purposes,  
21 including treatment and voting on the Plan.

1     **A. Classification and Treatment of Claims and Interests.**

2             1.     **Class 1 (Administrative Expense Claims)**. Class 1 consists of all Allowed  
3     Administrative Expense Claims against AER.

4             2.     **Class 2 (Priority Tax Claims)**. Class 2 consists of all Allowed Priority Tax Claims  
5     against AER.

6             3.     **Class 3 (Secured Tax Claims)**. Class 3 consists of all Allowed Secured Tax  
7     Claims against AER.

8             4.     **Class 4 (Secured Claims)**. Class 4 consists of all Allowed Secured Claims against  
9     AER, in the amounts set forth below for each respective creditor.

10            5.     **Class 5 (Unsecured Claims)**. Class 5 consists of all Allowed Unsecured Claims  
11    held against AER by all Unsecured Creditors, including deficiency claims of secured creditors  
12    against AER.

13            6.     **Class 6 (Related Parties Unsecured Claims)**. Class 6 consists of all Allowed  
14    related Parties Unsecured Claims by all individuals or affiliated entities that have made unsecured  
15    loans to AER.

16            7.     **Class 7 (Membership Interest in AER)**. Class 7 consists of the membership  
17    interests of the members of AER.

18     **B. Summary of Treatment of Unimpaired Classes.**

19            1.     **Class 1 (Administrative Claims)**. Every Creditor holding an Allowed Class 1  
20    Claim will be paid, in full satisfaction of the Allowed Class 1 Claim: (a) fully and in Cash on or  
21    before the Effective Date if the Claim is then an Allowed Claim; (b) fully and in Cash when and if  
22    the Claim becomes an Allowed Claim after the Effective Date; or (c) as otherwise agreed in  
23    writing by the Creditor holding the Allowed Claim or ordered by the Bankruptcy Court. Allowed  
24    Class 1 Claims will be paid from Cash held by AER. Class 1 Claims are unimpaired pursuant to  
25    the Plan and votes to accept or reject the Plan will not be solicited from Creditors holding Class 1  
26    Claims.

27            2.     **Class 7 (Membership Interest in AER)**. The members of AER will retain their  
28    respective membership interest in AER. Class 7 Claims are unimpaired pursuant to the Plan and  
29    votes to accept or reject the Plan will not be solicited from Creditors holding Class 7 Claims.

30     **C. Summary of Treatment of Impaired Classes.**

31            1.     **Class 2 (Priority Tax Claims)**. To the extent Priority Tax Claims exist on the  
32    Effective Date, those holders of Priority Tax Claims will be paid from Cash held by the Estate  
33    over a period not exceeding five (5) years after the Petition Date. Class 2 Claims are impaired, and  
34    holders of Allowed Class 2 Claims will be entitled to vote to accept or reject the Plan.

2. **Class 3 (Secured Tax Claims)**. Allowed Class 3 Claims will be paid quarterly in equal installments of principal and interest, over a period of five (5) years after the Effective Date. Interest will accrue, in accordance with § 511 of the Bankruptcy Code and § 42-18053 of the Arizona Revised Statutes, on the unpaid principal balance of the Class 3 Claims from and after the Effective Date. The first payment on Allowed Class 3 Claims will be made on the date which is ninety (90) days after the Effective Date. Holders of Allowed Class 3 Claims will retain their liens on any Assets of AER that serve as security for repayment of Allowed Class 3 Claims. Class 3 Claims are impaired and holders of Allowed Class 3 Claims will be entitled to vote to accept or reject the Plan..

3. **Class 4 (Secured Claims)** The Allowed Class 4a1 and 4a2 Claims of Volvo will be paid the Allowed Amount set forth below, in accordance with the provisions of the Term Sheet and addendum which are attached as Exhibit "A" to the Plan. Allowed Class 4c through Class 4h Claims will be paid the Allowed Amount set forth below in Classes 4c through Class 4h through monthly payments of principal and interest according to a five (5) year amortization schedule, with interest at the rate of five percent (5%) per annum, beginning thirty (30) days after the Effective Date of the Plan. Class 4 Claims are impaired, and holders of Allowed Class 4 Claims will be entitled to vote to accept or reject the Plan.

<u>Class</u>	<u>Description</u>	<u>Allowed Amount(1)(2)(3)</u>	<u>Monthly Plan Payments</u>	<u>Annual Plan Payments</u>
4a1	Volvo Financial Services	\$ 6,200,000	\$ 120,585	\$ 1,447,020
4a2	Volvo Financial Services (Retail Claim)	\$ 79,900	\$ 1,554	\$ 18,648
4b1	JLG Finance (formerly Wells Fargo)	elected Discounted Payoff option		
4b2	US Bancorp (JLG)	elected Discounted Payoff option		
4b3	GE Capital Lease (JLG)	elected Discounted Payoff option		
4c	John Deere Credit (4)	\$ 289,800	\$ 5,468	\$ 65,616
4d	CNH Capital (formerly Case Capital)(5)	\$ 72,000	\$ 1,358	\$ 16,296
4e	Ford(6)	\$ 27,900	\$ 526	\$ 6,312
4f	GE CDF(7)	\$ 373,050	\$ 7,039	\$ 84,468
4g	Komatsu (8)	\$ 124,200	\$ 2,343	\$ 28,116
4h	GE Capital/Ingersoll	\$ 279,900	\$ 5,282	\$ 63,384

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	<i>Rand(9)</i>			
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- (1) AER reserves the right to return equipment to the holders of Class 4 Claims in exchange for a credit against the debt equal to the fair market value of the returned equipment, as set forth in Exhibits "B" through "G".
- (2) The Allowed Amounts of Class 4 Claims are subject to revision or adjustment as of the Effective Date based upon credits, payments, offsets, and/or sales of equipment.
- (3) The Debtor is authorized to sell equipment that is subject to the liens of the holders of Allowed Claims in Classes 4c through 4h for the current fair market value amounts set forth in Exhibits "B" through "G" (subject to downward adjustment for payments made to the holders of Allowed Claims in Classes 4c through 4h, the "Release Price").
- (4) The holder of Allowed Class 4c Claims (John Deere Credit) will retain its Liens on the equipment that is listed in Exhibit "B" to the Plan, and except as modified by the terms and provisions of the Plan, the loan documents executed by AER prior to the Petition Date with respect to the Class 4c Claims will remain in effect.
- (5) The holder of Allowed Class 4d Claims (CNH Capital) will retain its Liens on the equipment that is listed in Exhibit "C" to the Plan, and except as modified by the terms and provisions of the Plan, the loan documents executed by AER prior to the Petition Date with respect to the Class 4d Claims will remain in effect. As an alternative to the treatment provided above, CNH Capital may elect to receive its Equipment back in full satisfaction of all claims.
- (6) The holder of Allowed Class 4e Claims (Ford) will retain its Liens on the equipment that is listed in Exhibit "D" to the Plan, and except as modified by the terms and provisions of the Plan, the loan documents executed by AER prior to the Petition Date with respect to the Class 4e Claims will remain in effect.
- (7) The majority of the equipment financed by the holder of Class 4f Claims (GECDF) will be surrendered to GECDF on the Effective Date. The holder of Allowed Class 4f Claims (GECDF) will retain its lien on the equipment that is listed in Exhibit "E" to the Plan, and except as modified by the terms and provisions of the Plan, the loan documents executed by AER prior to the Petition Date with respect to the Class 4f Claims will remain in effect.
- (8) The holder of Allowed Class 4g Claims (Komatsu) will retain its Liens on the equipment that is listed in Exhibit "F" to the Plan, and except as modified by the terms and provisions of the Plan, the loan documents executed by AER prior to the Petition Date with respect to the Class 4g Claims will remain in effect.
- (9) The holder of Allowed Class 4h Claims (GE Capital/Ingersoll Rand) will retain its Liens on the equipment that is listed in Exhibit "G" to the Plan, and except as modified by the terms and provisions of the Plan, the loan documents executed by AER prior to the Petition Date with respect to the Class 4h Claims will remain in effect.

As an alternative to the treatment provided to Class 4 under the Plan, and to the extent AER obtains financing, in full satisfaction of all Class 4 Claims against AER, holders of Allowed Class 4b through Class 4h Claims may elect a discounted payoff in a lump sum equal to eighty-five percent (85%) of the Allowed Class 4 Claims, payable on the Effective Date (the "Discounted Payoff"). Upon receipt the Discounted Payoff, all Claims held by an electing Class 4 Creditor, including corresponding Class 5 Claims of the electing Class 4 Creditor, will be satisfied in full.

<u>Class</u>	<u>Description</u>	<u>Allowed Amount(1)</u>	<u>Discounted Payoff Amount (1)</u>
4b1	JLG Finance (formerly Wells Fargo) (2)		\$ 601,350

4b2	JLG Finance (formerly US Bancorp)	elected Discounted Payoff option	\$ 595,800
4b3	JLG Finance (formerly GE Capital Lease)		\$ 216,900
4c	John Deere Credit	\$ 289,800	\$ 246,330
4d	CNH Capital (formerly Case Capital)	\$ 72,000	\$ 61,200
4e	Ford	\$ 27,900	\$ 23,715
4f	GE CDF	\$ 373,050	\$ 317,092
4g	Komatsu	\$ 124,200	\$ 105,570
4h	GE Capital/Ingersoll Rand	\$ 279,900	\$ 237,915

(1) The Allowed Amounts of Class 4 Claims are subject to revision or adjustment as of the Effective Date based upon credits, payments, offsets, adequate protection payments, and/or sales of equipment.

(2) The Discounted Payoff of the Class 4b1, 4b2, and 4b3 Claims of JLG Finance will be made in accordance with the terms and conditions of the agreement between AER and JLG Finance which is attached as Exhibit "H" to the Plan.

#### 4. Class 5 (Unsecured Claims).

a. Class 5(a) (Volvo Deficiency Claims). Class 5(a)<sup>1</sup> consists of the Deficiency Claims of Volvo. Class 5(a) Claims are impaired and holders of Allowed Class 5(a) Claims will be entitled to vote to accept or reject the Plan.

(i) Class 5(a)(i) (Volvo \$2 million Deficiency Claim). Allowed Class 5(a)(i) Claims will be paid monthly according to a ten (10) year amortization schedule, with interest at the rate of seven percent (7%) per annum beginning thirty (30) days after the Effective Date of the Plan.

<u>Class</u>	<u>Allowed Amount</u>	<u>Monthly Plan Payments</u>	<u>Annual Plan Payments</u>
5(a)(i)	\$ 2,000,000	\$23,222	\$278,664

(ii) Class 5(a)(ii) (Volvo \$1.8 million Deficiency Claim). Allowed Class 5(a)(ii) Claims will receive monthly payments of interest only at the rate of five and a half percent (5.5%) per annum beginning thirty (30) days after the Effective Date of the Plan for (5) years, with an option in favor of the Reorganized Debtor for an additional five (5) years of monthly payments of interest only to Volvo if the payments under the Plan on year 5 are current. All unpaid principal and interest owing to the holders of Allowed Class 5(a)(ii) Claims will be paid on either the fifth (5th) or tenth (10<sup>th</sup>) anniversary of the Effective Date of the Plan.

<u>Class</u>	<u>Allowed Amount</u>	<u>Monthly Plan Payments</u>	<u>Annual Plan Payments</u>
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<sup>1</sup> The treatment of Volvo's Deficiency Claims will be according to the Term Sheet and addendum which are attached as Exhibit "A" to the Plan.

5(a)(ii)	\$ 1,800,000	\$8,250	\$99,000
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**b. Class 5(b) (Convenience Class).** Class 5(b) consists of Convenience Class Claims. Allowed Class 5(b) Claims, estimated in the aggregate amount of \$32,000, will be paid sixty (60) days following the Effective Date of the Plan. Holders of Class 5(b) Claims are impaired by the Plan.

**(i) Election for Convenience Class.** An Allowed General Unsecured Claim in an amount of \$5,000 or less, or any General Unsecured Claim that is reduced to \$5,000 by election of the holder thereof as provided on the Ballot; provided that, for these purposes, all such General Unsecured Claims held by an entity or by an entity and any Affiliate of such entity shall be aggregated and treated as one such General Unsecured Claim; provided further that if all or any part of a General Unsecured Claim was or is assigned, the General Unsecured Claim held by all assignees of such General Unsecured Claim shall be treated collectively as one such General Unsecured Claim for purposes of this definition.

**c. Class 5(c) (Other Deficiency Claims).** Class 5(c) consists of Deficiency Claims of the creditors listed in Classes 4(c)-(h), assuming that such creditors do not elect the alternative Discounted Payoff option. Allowed Class 5(c) Claims will receive monthly payments of interest only at the rate of five and a half percent (5.5%) per annum beginning thirty (30) days after the Effective Date of the Plan for five (5) years, with an automatic option in favor of the Reorganized Debtor for an additional five (5) years of monthly payments of interest only to the holders of Allowed Class 5(c) Claims if the payments under the Plan on year 5 are current. All unpaid principal and interest owing to the holders of Allowed Class 5(c) Claims will be paid on the fifth (5<sup>th</sup>) or tenth (10<sup>th</sup>) anniversary of the Effective Date of the Plan. Class 5(c) Claims are impaired and holders of Allowed Class 5(c) Claims will be entitled to vote to accept or reject the Plan. Holders of Allowed Class 5(c) Claims will be entitled to a pro rata distribution of periodic principal reductions equal to the amount of any funds actually distributed to the Debtor's equity holders, after payment of current salaries to such equity holders, and distributions, as necessary, to the equity holders to pay tax liabilities.

<u>Description</u>	<u>Allowed Amount(1)</u>	<u>Monthly Plan Payments</u>	<u>Annual Plan Payments</u>
<i>John Deere Credit</i>	\$ 32,981	\$ 151	\$ 1,812
<i>CNH Capital (formerly Case Capital)</i>	\$ 53,728	\$ 246	\$ 2,952
<i>Ford</i>	\$ 9,900	\$ 45	\$ 540
<i>GE CDF(2)</i>	\$ TBD	\$ TBD	\$ TBD
<i>Komatsu(3)</i>	\$ TBD	\$ TBD	\$ TBD
<i>GE Capital/Ingersoll Rand</i>	\$ 111,800	\$ 512	\$ 6,144

(1) Payments to the holders of Allowed Class 5(c) Other Deficiency Claims are subject to revision or adjustment as of the Effective Date based upon credits, payments, offsets, adequate protection payments, and/or sales of equipment.

(2) GE CDF is of the view that there is equity in its equipment, and therefore any equipment that is returned to GE CDF will result in no deficiency claim on any such equipment.

1 (3) Komatsu is of the view that there is equity in certain pieces of its equipment, and therefore  
2 any such equipment that is returned to Komatsu will result in no deficiency claim on the  
equipment.

3 **d. Class 5(d) (Lease Rejection Claims).** Class 5(d) consists of claims for damages  
4 relating to the rejection of various leases and executory contracts. Allowed Class 5(d) Claims will  
5 receive monthly payments of interest only at the rate of five and a half percent (5.5%) per annum  
6 beginning thirty (30) days after the Effective Date of the Plan for five (5) years, with an automatic  
7 option in favor of the Reorganized Debtor for an additional five (5) years of monthly payments of  
8 interest only to the holders of Allowed Class 5(d) Claims if the payments under the Plan on year 5  
are current. All unpaid principal and interest owing to the holders of Allowed Class 5(d) Claims  
will be paid on the fifth (5<sup>th</sup>) or tenth (10<sup>th</sup>) anniversary of the Effective Date of the Plan. Class  
5(d) Claims are impaired and holders of Allowed Class 5(d) Claims will be entitled to vote to  
accept or reject the Plan. Holders of Allowed Class 5(d) Claims will be entitled to a pro rata  
distribution of periodic principal reductions equal to the amount of any funds actually distributed  
to the Debtor's equity holders, after payment of current salaries to such equity holders, and  
distributions, as necessary, to the equity holders to pay tax liabilities.

9 **e. Class 5(e) (General Unsecured Claims).** Class 5(e) consists of General  
10 Unsecured Claims other than General Unsecured Claims in Classes 5(a) through 5(d). Allowed  
11 Class 5(e) Claims will receive monthly payments of interest only at the rate of five and a half  
12 percent (5.5%) per annum beginning thirty (30) days after the Effective Date of the Plan for five  
13 (5) years, with an automatic option in favor of the Reorganized Debtor for an additional five (5)  
14 years of monthly payments of interest only to the holders of Allowed Class 5(e) Claims if the  
15 payments under the Plan on year 5 are current. All unpaid principal and interest owing to the  
holders of Allowed Class 5(e) Claims will be paid on the fifth (5<sup>th</sup>) or tenth (10<sup>th</sup>) anniversary of  
the Effective Date of the Plan. Class 5(e) Claims are impaired and holders of Allowed Class 5(e)  
Claims will be entitled to vote to accept or reject the Plan. Holders of Allowed Class 5(e) Claims  
will be entitled to a pro rata distribution of periodic principal reductions equal to the amount of  
any funds actually distributed to the Debtor's equity holders, after payment of current salaries to  
such equity holders, and distributions, as necessary, to the equity holders to pay tax liabilities.

16 **5. Class 6 (Related Parties Unsecured).** Class 6 consists of Unsecured Claims of  
17 Related Parties. Jeffrey and Lisa Bleecker have made numerous loans to the Debtor since the  
18 company was founded. As of the Petition Date, the balance due and owing to the Bleeckers was  
19 approximately \$2,343,630 (the "Bleecker Loan"). Lance and Stephanie Evic have also made loans  
20 to the Debtor, and as of the Petition Date the balance owing to the Evics was approximately  
21 \$190,375 (the "Evic Loan", together with the Bleecker loan, collectively, the "Member Loans").  
22 The Member Loans are demand loans, with interest payable in monthly installments calculated at  
seven percent (7%) simple interest. Allowed Class 6 Claims will receive monthly payments of  
interest only at the rate of five and a half percent (5.5%) per annum beginning thirty (30) days  
after the Effective Date of the Plan for five (5) years, with an automatic option in favor of the  
Reorganized Debtor for an additional five (5) years of monthly payments of interest only to the  
holders of Allowed Class 6 Claims if the payments under the Plan on year 5 are current. All  
unpaid principal and interest owing to the holders of Allowed Class 6 Claims will be paid on the  
tenth (10<sup>th</sup>) anniversary of the Effective Date of the Plan. Class 6 Claims are impaired and holders  
of Allowed Class 6 Claims will be entitled to vote to accept or reject the Plan.

IX.  
**OVERVIEW OF ADDITIONAL PLAN PROVISIONS**

**A. Implementation of the Plan & Conditions to Effectiveness.**

The means of execution of the Plan are and will be as follows:

1. **Conditions Precedent to Occurrence of Effective Date.** It is a condition of the Effective Date that the Confirmation Order has been entered by the Bankruptcy Court and has become a Final Order. The Effective Date is expected to occur within eleven (11) calendar days of the entry of the Confirmation Order.

2. **Implementation.**

(a) **Cash Flow and Volvo Exit Financing.** Payments under the Plan will come from cash flow generated by the ongoing operation of the Debtor's business and from \$3 million of Exit Financing obtained from Volvo according to the Term Sheet and addendum which are attached as Exhibit "A" to the Plan. The Debtor also anticipates that rentals and cash flow generated from the continued operation of its business will increase and stabilize in the coming months, thereby increasing the cash flow for the remaining payments under the Plan.

(b) **Sales of Equipment.** The Reorganized Debtor is authorized to sell equipment that is subject to liens of Volvo in accordance with the Term Sheet and addendum that is attached as Exhibit "A" to the Plan. The Reorganized Debtor is authorized to sell equipment that is subject to the liens of the holders of Allowed Claims in Classes 4c through 4h for the current fair market value amounts set forth in Exhibits "B" through "G" to the Plan (subject to downward adjustment for payments made to the holders of Allowed Claims in Classes 4c through 4h, the "Release Price"). The Reorganized Debtor will remit the Release Price to the holders of Allowed Claims in Classes 4c through 4h whose collateral is sold following confirmation of the Plan.

(c) **Future Management of Debtor.** The Reorganized Debtor will continue to be operated by Jeff Bleecker and Lance Evic who will receive initial salaries of \$125,000 each per year following the Effective Date.

**B. Resolution of Claims, Demands, and Causes of Action.**

1. **Preservation of Debtor' Claims, Demands, and Causes of Action.** All claims, demands, and causes of action of any kind or nature whatsoever held by, through, or on behalf of the Debtor arising before the Effective Date and that have not been resolved or disposed of prior to the Effective Date, are preserved in full for the benefit of the Debtor and the Debtor will own and retain, and may prosecute, enforce, compromise, settle, release, or otherwise dispose of, any and all claims, defenses, counterclaims, setoffs, and recoupments belonging to the Debtor.

1           **2.     Procedure for Determination of Claims.**

2                 **(a)     Objections to Claims.** Except as to any Claim that has been Allowed prior  
3 to the Effective Date, the Debtor may object to the allowance of any Claim against the Debtor or  
4 seek estimation on any Claim.

5                 **(b)     Disputed Claims.** No payments or other distributions will be made to  
6 holders of Claims unless and until such Claims are Allowed Claims pursuant to a Final Order. If a  
7 Claim is not an Allowed Claim by or on the Effective Date or when payment is otherwise due  
8 under the Plan, payment of the Allowed Claim will be made when a Claim becomes an Allowed  
9 Claim after the Effective Date or as otherwise specifically provided in the Plan.

10                **(c)     Treatment of Contingent Claims.** Until such time as a contingent Claim  
11 or a contingent portion of an Allowed Claim becomes fixed or absolute or is Disallowed, such  
12 Claim will be treated as a Disputed Claim for all purposes related to distributions under the Plan.  
13 The holder of a contingent Claim will only be entitled to a distribution under the Plan when and if  
14 such contingent Claim becomes an Allowed Claim.

15                **3.     Administrative Claims Bar Date.** Proofs of claim (or, for Professional Charges,  
16 fee applications) requesting payment of administrative costs and expenses incurred prior to the  
17 Effective Date pursuant to Sections 507(a)(1) and 503(b) of the Bankruptcy Code must be served  
18 and filed with the Bankruptcy Court no later than thirty (30) days after the Effective Date;  
19 provided, however, that proofs of claim will not be required with respect to any unpaid post-  
20 petition operating expenses incurred in the normal course of the Debtor's businesses prior to the  
21 Effective Date. Any such Claim that is not served and filed within this time period will be forever  
22 barred. Any Claims for fees, costs, and expenses incurred by any Chapter 11 Professionals after  
the Effective Date will be paid in the ordinary course of the Debtor's businesses.

1           **C.     Treatment of Executory Contracts.**

2                 **1.     Rejection of Executory Contracts.** The Plan contemplates and provides for the  
3 rejection, pursuant to Section 365 of the Bankruptcy Code, of any and all Executory Contracts of  
4 the Debtor which are in force on the Confirmation Date, except those Executory Contracts which  
5 were specifically assumed pursuant to an order of the Court.

6                 **2.     Assumption of Other Executory Contracts.** Before the Confirmation Hearing,  
7 the Debtor may file one or more motions identifying any Executory Contracts that it intends to  
8 assume as of the Effective Date; and such motions and the Bankruptcy Court's orders thereon will  
9 be deemed incorporated in the Plan. All Executory Contracts not otherwise assumed will be  
10 rejected as of the Confirmation Date.

11                **3.     Rejection Claims Bar Date.** Every Claim asserted by a Creditor arising from an  
12 Executory Contract that is rejected under the Plan must be filed with the Bankruptcy Court no  
13 later than the first Business Day that is thirty (30) days after the Effective Date. Every such Claim  
14 that is timely filed will be treated under the Plan as a General Unsecured Claim. Every such  
15 Claim that is not timely filed by the deadline stated above will be forever barred, unenforceable,  
16 and discharged, and the Creditor holding the Claim will not receive or be entitled to any  
17 distribution under the Plan on account of such Claim.

1 **D. Miscellaneous Plan Provisions.**

2 1. **Retention of Jurisdiction.** As described in detail in the Plan, the Plan provides for  
3 the retention of jurisdiction by the Bankruptcy Court over various aspects of the Debtor's  
Bankruptcy Case from and after the Effective Date.

4 2. **Exculpation and Limitation of Liability.** Neither the Debtor nor any of its  
5 respective present or former members, managers, employees, advisors, attorneys, or agents will  
6 have or incur any liability to any holder of a Claim or any other party-in-interest or any of their  
7 respective agents, employees, representatives, advisors, attorneys, or affiliates, or any of their  
8 successors or assigns, for any act or omission in connection with, relating to, or arising out of the  
Bankruptcy Case, the extension of credit to the Debtor during the Bankruptcy Case pursuant to  
debtor-in-possession financing or the use of cash collateral, efforts to obtain confirmation of the  
Plan, the consummation of the Plan, or the administration of the Plan or the property to be  
distributed under the Plan, except for their willful misconduct, and in all respects such parties will  
be entitled to rely reasonably upon the advice of counsel with respect to their duties and  
responsibilities under the Plan or in the context of the Bankruptcy Case.

9 3. **General Injunction.** Except as otherwise expressly provided in the Plan, the  
10 Confirmation Order shall provide, among other things, that all parties-in-interest who have held,  
11 hold, or may hold Claims are permanently enjoined on and after the Effective Date from: (a)  
commencing or continuing in any manner any action or other proceeding of any kind with respect  
12 to any such Claim against the Debtor or any successor-in-interest of the Debtor, against property  
of the Debtor, or against property of any successor-in-interest of the Debtor; (b) the enforcement,  
13 attachment, collection, or recovery by any manner or means of any judgment, award, decree, or  
order against the Debtor or any successor-in-interest of the Debtor, property of the Debtor, or  
14 against property of any successor-in-interest of the Debtor with respect to any such Claim; (c)  
creating, perfecting, or enforcing any encumbrance of any kind against the Debtor or any  
15 successor-in-interest of the Debtor, against property of the Debtor, or against property of any  
successor-in-interest of the Debtor with respect to any such Claim; (d) from asserting any setoff,  
16 right of subrogation, or recoupment of any kind against any obligation due the Debtor or any  
successor-in-interest of the Debtor, against property of the Debtor, or against property of any  
17 successor-in-interest of the Debtor, with respect to any such Claim; (e) conducting any form of  
discovery from the Debtor with respect to any such Claim, or any successor-in-interest of the  
Debtor; and/or (f) harassing the Debtor or any successor-in-interest of the Debtor.

18 4. **Vesting.** As of the Effective Date of the Plan, AER shall be vested with all of the  
19 Assets of the Estate. All assets transferred to the AER shall be free and clear of all liens, claims,  
20 and interest of creditors and parties-in-interest, except as specifically provided in the Plan. Upon  
the Effective Date, except as provided in the Plan, the Debtor shall be free to borrow without  
further Bankruptcy Court order, such sums of money upon such terms and conditions as it may, in  
its sole discretion, determine, including the granting of liens and purchase money security  
interests.

21 5. **Payment of Statutory Fees and Filing of Quarterly Reports.** All fees payable  
22 pursuant to 28 U.S.C. § 1980, as determined by the Bankruptcy Court at or in conjunction with the  
Confirmation Hearing, will be paid on or before the Effective Date and, thereafter, in accordance

1 with applicable bankruptcy law. All quarterly reports of disbursements required to be filed by  
2 applicable bankruptcy law will be filed in accordance with applicable bankruptcy law.

3 **6. Delay of Enforcement of Claims Against Owners of AER.** Entry of the  
4 Confirmation Order will temporarily restrain Creditors from taking any of the following actions  
5 against any members of the Debtor, or against any property in which members of the Debtor hold  
6 an interest, on account of any judgments, claims or causes of action that arise out of or relate to  
7 Claims against the Debtor or the Estate (the "Restrained Claims"), including: (a) commencing or  
8 continuing in any manner any action or other proceeding of any kind with respect to any  
9 Restrained Claim; (b) the enforcement, attachment, collection, or recovery by any manner or  
10 means of any judgment, award, decree, or order with respect to any Restrained Claim; (c) creating,  
11 perfecting, or enforcing any lien or encumbrance of any kind with respect to any Restrained  
12 Claim; or (d) harassing the members of the Debtor with respect to any Restrained Claim. The  
13 prohibition from proceeding with Restrained Claims will remain in effect until the earlier of: (x)  
14 five (5) years following the Effective Date; or (y) for Creditors whose Allowed Claims are the  
15 subject of a default by the Reorganized Debtor under the terms of the Plan, the failure of the  
16 Debtor to cure the default within thirty (30) days following the delivery of a written notice of  
17 default.

## 18 **X.**

### 19 **FEDERAL TAX CONSEQUENCES**

#### 20 **A. No Federal Tax Consequences.**

21 AER is an Arizona limited liability company (LLC). LLCs are pass-through entities for  
22 federal income tax purposes and are not subject to federal income tax; the members are directly  
taxed individually on the income, taking into account the member's share of the profits and losses.  
Nevertheless, each holder of a claim is urged to consult with its own tax advisor regarding the  
federal, state, local and other tax consequences of the Plan. No rules have been requested from the  
Internal Revenue Service with respect to any of the tax aspects of the Plan.

## 23 **XI.**

### 24 **VOTING PROCEDURES AND REQUIREMENTS**

#### 25 **A. Parties Entitled to Vote.**

26 If you hold an Allowed Claim that is "impaired" under the Plan, you are entitled to vote to  
27 accept or reject the Plan. Accordingly, to be entitled to vote, your Claim must be "allowed" as set  
28 forth in Section 502 of the Bankruptcy Code or temporarily allowed as set forth in Bankruptcy  
29 Rule 3018(a). Additionally, Section 1126(f) of the Bankruptcy Code permits you to vote to accept  
30 or reject the Plan only if your Claim is "impaired."

#### 31 **B. Procedures for Voting.**

32 **1. Submission of Ballots.** After this Disclosure Statement has been approved by the  
Bankruptcy Court, all Creditors whose votes are solicited (as explained above) will be sent (a) a  
ballot, together with instructions for voting (the "Ballot"); (b) a copy of this Disclosure Statement  
as approved by the Bankruptcy Court; and (c) a copy of the Plan. You should read the Ballot

1 carefully and follow the instructions. Please use only the Ballot sent with this Disclosure  
Statement. You should complete your Ballot and return it to:

2 GALLAGHER & KENNEDY, P.A.  
3 Attn: John R. Clemency  
2575 EAST CAMELBACK ROAD  
4 Suite 1100  
PHOENIX, ARIZONA 85016  
5 Telephone: (602) 530-8000

6 **TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS LISTED**  
7 **ABOVE BY 5:00 P.M., MOUNTAIN STANDARD TIME, ON \_\_\_\_\_, 2010.**  
8 **IF YOUR BALLOT IS NOT TIMELY RECEIVED, IT WILL NOT BE COUNTED IN**  
9 **DETERMINING WHETHER THE PLAN HAS BEEN ACCEPTED OR REJECTED.**

10 A properly addressed, stamped return envelope will be included with your Ballot.

11 2. **Procedures for Vote Tabulation.** In determining whether the Plan has been  
12 accepted or rejected, Ballots will be tabulated in accordance with the Court's Order approving this  
13 Disclosure Statement.

14 3. **Withdrawal of Ballots.** A Ballot may not be withdrawn or changed after it is cast  
15 unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether  
16 sufficient cause exists to permit the change.

17 4. **Questions and Lost or Damaged Ballots.** If you have any questions concerning  
18 voting procedures, if your Ballot is damaged or lost, or if you believe you should have received a  
19 Ballot but did not receive one, you may contact, Debtor's counsel, John Clemency, at the address  
20 and telephone number listed above.

21 **C. Summary of Voting Requirements.**

22 In order for the Plan to be confirmed, the Plan must be accepted by at least one (1)  
impaired Class of Claims. For a Class of Claims to accept the Plan, votes representing at least  
two-thirds in claim amount and a majority in number of the Claims voted in that Class (not  
including votes of insiders) must be cast to accept the Plan.

**IT IS IMPORTANT THAT HOLDERS OF ALLOWED  
IMPAIRED CLAIMS EXERCISE THEIR RIGHTS TO  
VOTE TO ACCEPT OR REJECT THE PLAN. THE  
DEBTOR ASSERTS THAT THE TREATMENT OF  
CREDITORS UNDER THE PLAN IS THE BEST  
ALTERNATIVE FOR CREDITORS, AND THE DEBTOR  
RECOMMENDS THAT THE HOLDERS OF ALLOWED  
CLAIMS VOTE IN FAVOR OF THE PLAN.**

The specific treatment of each Class under the Plan is described in the Plan and is summarized in this Disclosure Statement.

## **XII. LIQUIDATION ANALYSIS**

The table below reflects the estimated recoveries of creditors under the Plan and under a Chapter 7 liquidation of the Debtor. The estimated recoveries are based on the Inventory values ascribed by Debtor that are attached as Exhibit "B" to this Disclosure Statement, as well as the current fair market values set forth in Exhibits "B" through "G" to the Plan.

<b>Claimant/Class</b>	<b>Claim Amount</b>	<b>Plan Recovery</b>	<b>Chapter 7 Recovery</b>
Administrative Claims (Class 1)	\$50,000	\$50,000	\$25,000
Priority Tax Claims (Class 2)	Unknown	Unknown	Unknown
Secured Tax Claims (Class 3)	\$34,000	\$34,000	\$34,000
Secured Claims (Class 4) <sup>1</sup>	\$8,154,498 <sup>2</sup>	\$8,154,498 <sup>2</sup>	\$8,154,498 <sup>2</sup>
Unsecured Claims (Class 5)	\$6,272,833	\$6,272,833	\$0
Related Party Unsecured Claims (Class 6)	\$2,500,000	\$2,500,000	\$0
Member Interests (Class 7)	NA	Retained	Extinguished
<b>Totals</b>	<b>\$17,011,331</b>	<b>\$17,011,331</b>	<b>\$8,213,498</b>

## **XIII. CONFIRMATION OF THE PLAN**

### **A. Confirmation Hearing.**

Section 1128(a) of the Bankruptcy Code provides that the Bankruptcy Court, after notice, will hold a Confirmation Hearing on the Plan. The Confirmation Hearing will be held at the United States Bankruptcy Court in Courtroom 446, 38 South Scott Avenue, Tucson, Arizona, on \_\_\_\_\_, 2010, at 10:00 a.m. **THE HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE COURT WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT MADE AT THE HEARING.**

### **B. Objections to Confirmation.**

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan, regardless of whether it is entitled to vote. Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **IF AN OBJECTION TO CONFIRMATION IS NOT TIMELY MADE, THE COURT NEED NOT RECEIVE AND CONSIDER IT.** All objections to confirmation of the Plan must be filed with the Bankruptcy Court and served on the

<sup>1</sup> Plus accrued and accruing interest, and recoverable costs and expenses.

<sup>2</sup> The following discounts were applied based on Debtor's analysis: Equipment- 25%; Accounts Receivable- 25%; Miscellaneous Personal Property and Parts Inventory- 85%

Debtor's counsel at the address set forth above, on the United States Trustee, and on any party-in-interest who has requested notice in the Debtor's Bankruptcy Case, by \_\_\_\_\_, 2010.

**C. Requirements for Confirmation of the Plan.**

**1. Confirmation Under Section 1129(a) of the Bankruptcy Code.** At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of Section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. Such requirements include, among others:

(a) That the Debtor has complied with the applicable provisions of Chapter 11, including the provisions of Sections 1122 and 1123 of the Bankruptcy Code governing classification of claims and interests and contents of a plan of reorganization.

(b) That the Debtor has proposed the Plan in good faith and not by any means forbidden by law.

(c) That any payment made or promised by the Debtor to any Person for services, costs, or expenses in connection with the Bankruptcy Case or the Plan has been approved by or is subject to approval by the Bankruptcy Court as reasonable.

(d) That the Debtor has disclosed the identity and affiliations of Persons proposed to serve as officers after confirmation.

(e) That one or more of the impaired Classes of Claims has voted to accept the Plan.

(f) That the Plan is in the best interests of holders of Claims and Equity Interests; that is, each holder of an Allowed Claim or Allowed Equity Interest either has accepted the Plan or will receive on account of its Claim or Equity Interest property with a value, as of the Effective Date, that is not less than the amount that the holder of such Claim or Equity Interest would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

(g) That the Plan is feasible; that is, confirmation is not likely to be followed by the need for liquidation or further reorganization of the Debtor unless that is provided for in the Plan. The Debtor's Plan so provides; thus, feasibility is not an issue.

**2. Debtor Believes the Plan Satisfies Bankruptcy Code Requirements.**

(a) **Best Interests Test and Liquidation Analysis.** Under the best interests test, the Plan is confirmable if, with respect to each impaired Class of Claims or Equity Interests, each holder of an Allowed Claim or Allowed Equity Interest in such Class either: (i) has accepted the Plan; or (ii) will receive or retain under the Plan, on account of its Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

1 As set forth above, the Debtor believes the distributions to Creditors under the Plan  
2 will meet or exceed the recoveries that Creditors would receive in a Chapter 7 liquidation  
3 of the Debtor and its Estate. The Debtor believes that the Plan provides an equal or better  
return to Creditors than they can otherwise receive under Chapter 7, and therefore the best  
interests of creditors test is met.

4 (b) **Feasibility of the Plan.** Section 1129(a)(11) of the Bankruptcy Code  
includes what is commonly described as the “feasibility” standard. In order for the Plan to  
5 be confirmed, the Bankruptcy Court also must determine that the Plan is feasible - that is,  
that the need for further reorganization or a subsequent liquidation of the Debtor is not  
6 likely to result following confirmation of the Plan. As set forth in this Disclosure  
Statement and in the Plan, the Debtor believes the Plan is feasible. Attached to this  
7 Disclosure Statement as Exhibit “E” are cash flow projections prepared by AER which  
reflects the ability of AER to make the payments called for under the Plan.

8 (c) **Acceptance by an Impaired Class.** Because the Plan impairs some  
Classes of Claims, Section 1129(a)(10) of the Bankruptcy Code requires that, for the Plan  
9 to be confirmed, at least one impaired Class must accept the Plan by the requisite vote  
without counting the votes of any “insiders” (as that term is defined in Section 101(31) of  
10 the Bankruptcy Code) contained in that Class. The Debtor believes that at least one  
impaired Class will vote to accept the Plan.

11 (d) **Confirmation Under Section 1129(b) of the Bankruptcy Code.**  
Although Section 1129(a)(8) of the Bankruptcy Code requires that the Plan be accepted by  
12 each Class that is impaired by the Plan, Section 1129(b) of the Bankruptcy Code provides  
that the Bankruptcy Court may still confirm the Plan at the request of the Debtor if all  
13 requirements of Section 1129(a) of the Bankruptcy Code are met except for Section  
1129(a)(8) and if, with respect to each Class of Claims or Equity Interests that (a) is  
14 impaired under the Plan, and (b) has not voted to accept the Plan, the Plan “does not  
discriminate unfairly” and is “fair and equitable.” This provision commonly is referred to  
15 as a “cramdown.” The Debtor has requested cramdown confirmation of the Plan with  
respect to any such non-accepting Class of Creditors as well as the deemed rejecting Class  
16 of Equity Interests, who will receive nothing. **The Debtor believes that, with respect to  
such Class or Classes, the Plan meets the requirements of Section 1129(b) of the  
Bankruptcy Code.**

17 (1) **Unfair Discrimination.** A plan of reorganization “does not  
18 discriminate unfairly” if: (i) the legal rights of a non-accepting class are treated in  
a manner that is consistent with the treatment of other classes whose legal rights are  
19 related to those of the non-accepting class; and (ii) no class receives payments in  
excess of that which it is legally entitled to receive on account of its Claims or  
20 Equity Interests. The Debtor assert that under the Plan: (i) all classes of impaired  
Claims are being treated in a manner that is consistent with the treatment of other  
21 similar classes of Claims; and (ii) no Class of Claims will receive payments or  
property with an aggregate value greater than the sum of the Allowed Claims in the  
22 Class. Accordingly, the Debtor believes that the Plan does not discriminate  
unfairly as to any impaired Class of Claims or Equity Interests.

1                   (2) **Fair and Equitable Test.** The Bankruptcy Code establishes  
2 different “fair and equitable” tests for Secured Creditors, Unsecured Creditors, and  
holders of Equity Interests, as follows:

3                   (i) **Secured Creditors.** With respect to a secured claim, “fair  
4 and equitable” means that a plan provides that either (A) the holder of the  
secured claim in an impaired class retains the liens securing such claim,  
5 whether the property subject to such liens is retained by the debtor or  
6 transferred to another entity, to the extent of the amount of such allowed  
claim, and that the holder of such claim receives on account of such claim  
7 deferred cash payments totaling at least the amount of such allowed claim,  
of a value, as of the effective date, of at least the value of such holder’s  
8 interest in the estate’s interest in such property; (B) for the sale, subject to  
Section 363(k) of the Bankruptcy Code, of any property that is subject to  
9 the liens securing such claim, free and clear of such liens, with such liens to  
attach to the proceeds of such sale, and the treatment of such liens on  
proceeds under clauses (A) and (C); or (C) the realization by such holder of  
the “indubitable equivalent” of such claim.

10                   (ii) **Unsecured Creditors.** With respect to an unsecured claim,  
“fair and equitable” means that a plan provides that either (A) each impaired  
11 unsecured creditor receives or retains property of a value, as of the effective  
date, equal to the amount of its allowed claim; or (B) the holders of claims  
12 and equity interests that are junior to the claims of the dissenting class will  
not receive or retain any property under the plan.

13                   (iii) **Equity Interest Holders.** With respect to holders of equity  
interests, “fair and equitable” means that a plan provides that either (A)  
14 each holder will receive or retain under the plan property of a value, as of  
the effective date, equal to the greater of: (1) the fixed liquidation  
15 preference or redemption price, if any, of such interest; or (2) the value of  
such interest; or (B) the holders of equity interests that are junior to the non-  
16 accepting class will not receive any property under the plan.

17                   The Debtor believes the Plan complies with the Claims priority established by the  
Bankruptcy Code and thus the “fair and equitable” test of the Bankruptcy Code (including the  
18 absolute priority rule) is met with respect to the Secured Creditors and the Equity Interest holders  
under the Plan.

19                   **XIV.**  
**ALTERNATIVES TO THE PLAN**

20                   If the Plan is not confirmed, several different events could occur: (1) the Debtor or a third  
party could propose another plan providing for different treatment of certain Creditors; (2)  
21 Secured Creditors, if any, could move for relief from the automatic stay to allow them to foreclose  
their liens against their collateral, which may be granted by the Court if an alternative plan is not  
22 confirmed in a reasonable period of time; (3) the Bankruptcy Court (after appropriate notice and

1 hearing) could dismiss the Bankruptcy Case or convert such to a case under Chapter 7 if an  
2 alternative plan is not confirmed in a reasonable period of time; or (4) the Bankruptcy Court could  
3 approve a sale of the Debtor's remaining assets to the highest and best bidder an auction sale  
4 under Section 363 of the Bankruptcy Code.

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**RECOMMENDATION AND CONCLUSION**

The Debtor believes that the Plan provides the best available alternative for maximizing the recoveries that Creditors will receive from the Debtor's Assets. Therefore, the Debtor recommends that all Creditors that are entitled to vote on the Plan vote to accept the Plan.

Date: January 14, 2010

Arizona Equipment Rental, I, LLC

By: /s/ Jeffrey Bleecker

Name: Jeffrey S. Bleecker  
Title: Owner/Manager

PREPARED AND SUBMITTED BY:

GALLAGHER & KENNEDY, P.A.

By: /s/ Lindsy Weber

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COPIES of the foregoing were served  
this 14<sup>th</sup> day of January, 2010, via  
first-class, U.S. Mail, Email, and/or Facsimile  
to the parties on the attached service list.

/s/ Maricella Nunez

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